

Cautious spending patterns return

- The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose by just 0.1 per cent in trend terms in February, the slowest growth in two years.
- Spending had lifted at an unsustainable pace of 0.7-0.8 per cent between September to November last year before slowing over the past three months.
- Annual trend growth in sales stood at 5.0 per cent, down from 5.3 per cent in January and the slowest growth pace in five months.
- The more volatile seasonally adjusted BSI rose by 0.6 per cent in February after falling by 0.4 per cent in December and January. Annual growth stands at 4.5 per cent.
- At a sectoral level, 11 of the 19 industry sectors expanded in trend terms in February, down from 14 sectors in both December and January. And sales rose in five of the eight states and territories in February.
- The Commonwealth Bank BSI is obtained by tracking the value of credit and debit card transactions processed through Commonwealth Bank merchant facilities. The BSI covers spending broadly across the economy rather than just retail sales, including spending on automobiles, personal services and airlines.

Business Sales Indicator February 2017

- Economy-wide spending slowed further in February. The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose by 0.1 per cent in trend terms in February after lifting 0.3 per cent in January and expanding 0.5 per cent in December.
- Over 2016, sales lifted at a soft 0.2 per cent month pace from March to June before picking up to a monthly 0.7-0.8 per cent growth pace between September and November. Spending growth has averaged 0.4 per cent a month over the past year.
- Annual trend sales growth slowed from 5.3 per cent to a 5-month low of 5.0 per cent in February.
- The more volatile seasonally-adjusted BSI rose by 0.6 per cent in February after falling by 0.4 per cent in December and January. Annual growth stands at 4.5 per cent.
- The Commonwealth Bank BSI is obtained by tracking the value of credit and debit card transactions processed through Commonwealth Bank merchant facilities. And in line with the practice of the Bureau of Statistics with retail trade data, seasonally adjusted and trend estimates of the BSI are obtained by applying statistical software. The seasonally adjusted and trend BSI results permit analysis of the broader underlying trends that may be hidden in the raw data.
- Across sectors, 11 of the 19 industry sectors rose in trend terms in February. The biggest drop in sales occurred at Mail Order/Telephone Order Providers (down 0.9 per cent) from Business Services (down 0.6 per cent) and Retail Stores (down 0.5 per cent).

Figure 1: Australian sales, trend index

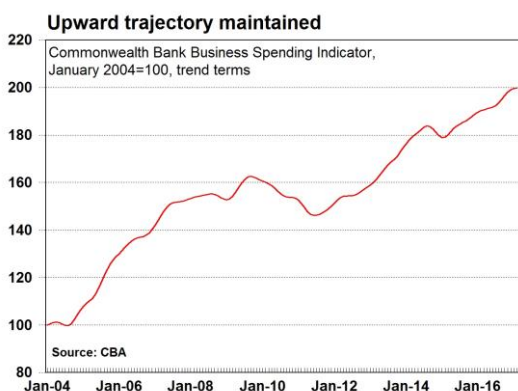
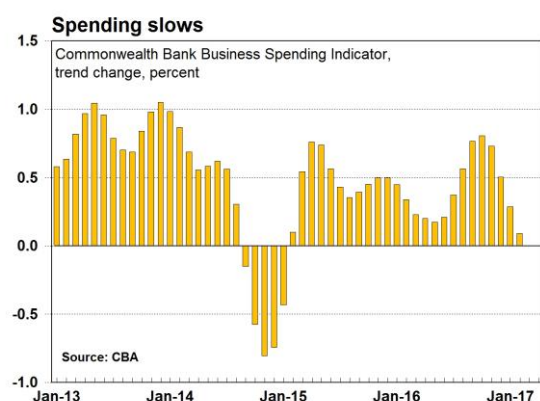


Figure 2: Australian sales, trend monthly %



- On the other side of the equation, the strongest gains in sales occurred in Service Providers (up 1.4 per cent) from Automobiles & Vehicles (up 1.1 per cent).
- Other notable trend increases in sales occurred in Hotels & Motels (up 0.9 per cent) and Professional Services & Membership Organisations (up 0.6 per cent).
- In annual terms in February, only three of the 19 industry sectors contracted: Mail Order/Telephone Order Providers, Transportation and Retail Stores.
- At the other end of the scale, sectors with strongest annual growth in February included: Hotels & Motels (up 15.1 per cent), Service Providers (up 13.0 per cent) and Automobiles & Vehicles (up 12.8 per cent).
- Across states and territories in February, sales were stronger in five states and territories. Strongest were Tasmania (up 1.1 per cent), followed by Victoria (up 0.5 per cent), South Australia (up 0.4 per cent), Western Australia and Northern Territory (up 0.1 per cent). Spending was flat in Queensland and sales fell 0.3 per cent in NSW and fell 0.2 per cent in the ACT.
- Spending has consistently increased in Western Australia for 69 months, for 67 months in South Australia and for 61 months in Tasmania.
- In annual terms all states and territories had sales above a year ago. Strongest growth was South Australia (up 9.0 per cent) from ACT (up 7.3 per cent), Tasmania (up 7.0 per cent), Western Australia (up 6.1 per cent), Queensland (up 5.8 per cent), NSW (up 4.5 per cent), Victoria (up 3.7 per cent) and Northern Territory (up 0.7 per cent).

Figure 3: Tasmania, monthly trend (%)

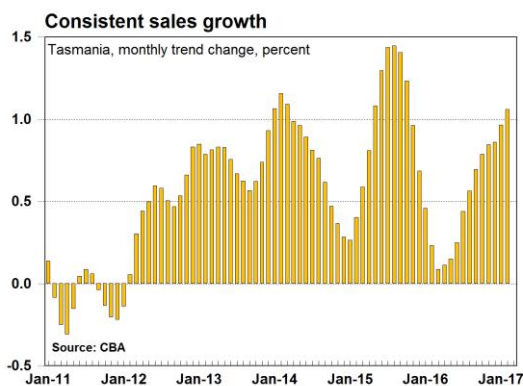
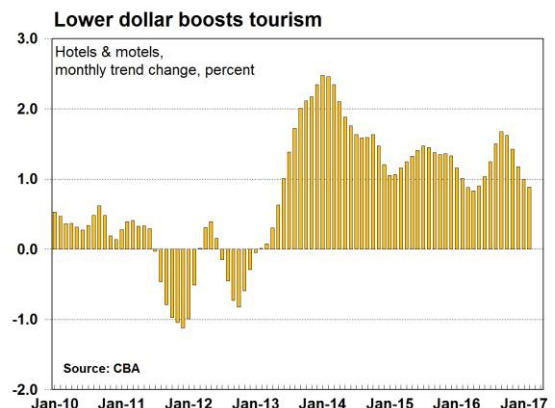


Figure 4: Hotels & Motels, month trend (%)



About the Commonwealth Bank Business Sales Indicator

- The Commonwealth Bank Business Sales Indicator is obtained by tracking the value of credit and debit card transactions processed through Commonwealth Bank merchant facilities throughout Australia.
- The Business Sales Indicator is compiled monthly and covers 19 industry sectors and all Australian states and territories.
- Credit and debit card transactions can be volatile on a month-to-month basis, affected by seasonal and irregular factors. To better gauge the direction and changes of spending across the economy, the Business Sales Indicator is tracked in trend terms.
- The monthly Business Sales Indicator has been devised to provide a more timely assessment of spending trends in the economy. The main monthly indicator of spending in the economy is the Australian Bureau of Statistics' (ABS) Retail Trade release. However these statistics cover just spending at retail establishments, and exclude spending at a raft of other businesses.
- The Business Sales Indicator includes transactions made at traditional retail establishments such as supermarkets, clothing stores and cafes & restaurants and as such is more comparable to the ABS Household Final Consumption Expenditure released on a quarterly basis. The Business Sales Indicator also covers businesses such as airlines, car dealers and utilities such as water and electricity companies as well as motels, business, professional and government services and wholesalers.

- The Business Sales Indicator includes industry sectors based on the International Merchant Category Code (MCC) categories. MCC is a four-digit number assigned to a business when the business first starts accepting cards as a form of payment. Refer to Table 1 for the MCC listing.

Table 1: Merchant Types

1. Airlines	11. Miscellaneous Stores
2. Amusement & Entertainment	12. Personal Service Providers
3. Automobile/Vehicle Rentals	13. Professional Services & Membership Organisations
4. Automobiles & Vehicles	14. Repair Services
5. Business Services	15. Retail Stores
6. Clothing Stores	16. Service Providers
7. Contracted Services	17. Transportation
8. Government Services	18. Utilities
9. Hotels & Motels	19. Wholesale Distributors & Manufacturers
10. Mail Order/Telephone Order Providers	

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